

The City Council met in adjourned session at the hour of 11:09 a.m. in the Council Chamber, City Hall, on the day above written for the continued hearing on the City of Fresno FY12 Budget. Present were Councilmembers Baines, Borgeas, Olivier, Quintero, Xiong, Westerlund, President Brand, City Manager Scott, Assistant City Manager Rudd, City Attorney Sanchez, City Clerk Klisch, Assistant City Clerk Salazar, Budget Director Smith and appropriate staff.

**(11:00 A.M.) CONTINUED HEARING ON THE CITY OF FRESNO FY 2012 BUDGET**

President Brand led the Pledge of Allegiance and reopened the public hearing.

**DEPARTMENT OF PUBLIC UTILITIES**

Public Utilities Director Wiemiller reviewed his department's budget which included Operational Goal, Good News, Revenue Picture, Strategies, Revenue Enhancement, Staff and Program Restructuring, Commercial Solid Waste Privatization, Cutbacks, and Capital Projects.

Dave Calhoun, 5922 W. Donner, spoke to the issue of commercial solid waste privatization and advised of and expanded on meetings solid waste employees have had with City officials since February and their work/efforts/proposal to produce savings and be competitive.

Councilmember Xiong presented questions relative to the savings from the elimination of the 39 positions and what the strategy was for those funds, the employee's cost saving proposal and numbers, the two-man to one-man route plan, staff reductions across the department, when Mr. Wiemiller took charge of the department and if he had a handle/grasp on department issues, if efficiencies throughout the entire department were looked at, if solid waste's operation and rates were competitive with other cities, if there were any glaring deficiencies in the solid waste division, if an assessment had been conducted on the two-man to one-man route, utility rates/ideas/strategies, when the Proposition 218 process would be coming to Council, the Utility Advisory Commission's (UAC) recommendation to buy down rates, reserve funds, capital projects and bond amount, bond debt service payment, Prop 218 process and recommendations, reserve practice/requirements **(2 – 0)**, request for information on reserve levels of peer cities, making rate adjustments periodically to lessen the impact on ratepayers, and impact if privatization does not come through, with Mr. Wiemiller responding throughout.

**LUNCH RECESS – 12:04 P.M. – 1:35 P.M.**

Proceedings resumed with Councilmember Xiong continuing his questioning on issues related to types of solid waste capital projects/programs, fleet issues, the Purple Pipes Program, water reclamation, and downtown water supply, with Mr. Wiemiller responding.

Upon the invitation of Councilmember Xiong, employee Dave Calhoun spoke additionally to the commercial waste issue including the volume of information/numbers presented to Council, the franchise fee going to other services with layoffs continuing, the task collection method, cost comparisons with other cities, the productivity of solid waste employees and exemplary service provided to customers, UAC rate recommendations, and Allied and Mid Valley's job guarantee and wage rates.

Councilmember Xiong continued with additional questions and comments on commercial waste including whether the company's 100% employment concession had impacted the group's position in terms of support/opposition, concurrence that solid waste employees provide quality work, if the parameters were the same or if there was a material change with the employment offer, time line for a competitive RFP process, process for consideration of a franchise, where this matter stood in the process currently, the assumed time schedule and process, and who could bring an item forward and place the matter on the agenda for consideration, with Mr. Calhoun, City Attorney Sanchez, City Manager Scott and President Brand responding throughout.

Charles Hudiburgh, 1814 W. Pontiac, spoke to his seven years of work in the waste industry, and relative to privatization of commercial solid waste stated without residential included the real question was whether this was true privatization.

Extensive discussion ensued. Acting President Olivier presented questions/comments on commercial waste, the task system/whether it was a burden on the ratepayer/if the annual cost had been quantified/process to amend the MOU, amount of ISF fees generated by commercial only, how soon savings numbers would be known by switching to one-man routes and removing the task method, how long it would be for ratepayers to ultimately benefit from solid waste reform **(3 – 0)**, and desire to receive information on all the analytical questions as soon as possible, with Mr. Wiemiller, ACM Rudd, Mr. Sanchez and Mr. Scott responding throughout. Councilmember Westerlund presented comments and questions relative to there being nothing pending at this time on an RFP/RFQ franchise, if discussions could occur with both potential contractors, appreciation for being able to hear both sides of this story, Prop 218 and the UAC's recommendations/appreciation for the work done by the UAC/non-support of the UAC's recommendations, the 5-year rate plan being approved prior to the economic turndown, concern with being too aggressive in the capital program, opposition to large rate hikes at the get-go, UB&C Internal Service Fund details, reason for the significant jump in interdepartmental charges for service, the change to monthly billing/penalties, beginning fund balance deficit, the increases in personnel and non-personnel services, DPU rental of Leakey Acres property to the airports and reason for now including charges when there were none before, community sanitation restructuring/legal issues/if the City stands on solid legal ground, and foregoing the \$750K payment last year to the GAP and if approval was received from the FAA, with Mr. Wiemiller, Budget Director Smith, Mr. Scott and Mr. Rudd responding throughout and/or clarifying issues.

Councilmember Baines presented questions and comments relative to what personal DPU highlights were, importance of water, WWTP vacancies, what cut would be made if one had to be made, franchising commercial waste, if the department was operating as efficiently as it could, comfort level of the department's operating efficiency, and if commercial customers were being serviced the best as possible, with Mr. Wiemiller responding. Councilmember Quintero requested Council be provided with a list of all consultant contracts under \$50K and a list of contracts coming up for renewal in the next couple of years. **(4 – 0)** Councilmember Borgeas presented questions relative to whether the franchise process was a new process, if Council was free to start with a clean slate or bound by the two contractors originally consulted with, what the differences were between the initial and subsequent proposal, and if the employment offer was material enough to constitute a new proposal, with Mr. Sanchez responding and adding from a legal standpoint he would argue that the initial process had ended as no one knew this matter was coming back but stated he would provide a written report to ensure Council has all the information prior to moving forward.

President Brand thanked Mr. Calhoun for his presentation and offering facts from the other side, and upon his invitation Mr. Calhoun stated, relative to giving up the task collection method, they were under the impression an amendment could just be made to the MOU but he was just now hearing of legal issues and need for a Council vote. Mr. Rudd clarified specific provisions to the current labor contract with Local 39 would be amended, the negotiating party did not have the authority to vote on behalf of its members, a change through a Side Letter would have to be taken to the membership for a vote, and the City Council, as the governing body of the city organization, also had to approve a change to the MOU and added this was no different than any other change to a labor contract that has been done before. Mr. Scott stated the same process applied to every MOU and thanked the employees for the commitment made and the work and effort they put into this stating it was recognized and appreciated very much.

President Brand spoke to the privatization issue, to the proposal that has been brought forth by the employees for cost savings, to the proposal presented to Council last year (with Mr. Wiemiller responding to questions), to costs to ratepayers and his appreciation that the efficiency of the entire department is being looked at, to how residential will also have to be evaluated if commercial waste is privatized, to how everyone is trying to calculate whether they will be affected by this deal, and to the difficult decision Council will have to make and elaborated further, and stated in a couple of weeks staff will present the facts and figures for everyone to analyze and thanked the department for their work.

Councilmember Borgeas presented questions relative to the southeast surface water treatment plant, total cost for the plant, if bonding was being looked at, other funding sources, if the plant would serve the city as a whole and not just southeast Fresno, downtown water/equipment/infrastructure/delivery, if the land has already been purchased for the southeast plant, if engineering and design work for Phase 1 has been budgeted, if the plant was essential or if the city could get by without it, impact fees, if additional treatment facilities were anticipated, the size of DPU/how the department got so large, and if savings/value from the merger of the two departments had been quantified, with Mr. Wiemiller responding throughout. Mr. Wiemiller was thanked for his presentation and there was no further discussion.

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**RECESS – 3:37 P.M. – 3:53 P.M.**

## **PUBLIC WORKS DEPARTMENT**

Public Works Director Wiemiller reviewed the department's budget which included Operational Goal, Budget Overview, Good News, Revenue Picture, Strategies (Revenue Enhancement/Organizational Restructuring/Service Enhancements), and Capital Projects, all as contained in the written handout submitted.

Councilmembers Baines and Xiong presented questions and comments relative to the move of community sanitation from DPU to public works, if those enterprise funds now go to the general fund, CDBG funds and uses, copper wire thefts, **(5 – 0)**, the concrete strike team, if CDBG funds could be used to address copper wire thefts/if the funds could be used for a copper wire strike team for areas without lights, lack of street lights being a public safety issue, parking enterprise challenges/what can be done to better address issues, ARRA funds/allocations/uses, downtown capital projects, if the concrete strike team was the same as the pothole program, concrete and pothole funding sources/needs/locations, the 'customer first' focus/if there was a cost for the program, increased pothole efforts, the street maintenance plan (Pavement Condition Index) **(6 – 0)**, business/vehicle use of streets/impacts/equity in repairs, numerous questions on department programs/services/funding/cost recovery, implementing CFDs in older neighborhoods for improvements, and commendation to staff, with Mr. Wiemiller, Budget Director Smith, ACM Rudd, City Manager Scott and Assistant City Attorney Sloan responding throughout. Councilmember Quintero thanked Mr. Wiemiller and his department for always doing a great job and making things work one way or another, and gave a special shout-out to some specific staff members. There was no further discussion.

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## **ADJOURNMENT**

There being no further business to bring before the City Council, the hour of 5:05 p.m. having arrived and hearing no objection, Acting President Olivier adjourned the budget hearing to Thursday, May 26, 2011, after the conclusion of the regular City Council meeting.

*Approved* on the \_\_\_\_9th\_\_\_\_ day of \_\_\_\_\_ June\_\_\_\_\_, 2011.

\_\_\_\_\_/s/\_\_\_\_\_  
Clinton Olivier, Acting Council President

ATTEST: \_\_\_\_\_/s/\_\_\_\_\_  
Yolanda Salazar, Assistant City Clerk